

Message Text

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ACTION EB-11

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FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 3641

UNCLAS SAN SALVADOR 3325

E.O. 11652: N/A

TAGS: ETRN; ES

SUBJ: PORT DETENTION SURCHARGE

REF: A. STATE 167877; B. SAN SALVADOR A-118 OF AUGUST 28

1. DUE TO A VACANCY IN THE SECOND ECONOMIC-COMMERCIAL POSITION SINCE JANUARY, THE EMBASSY IS UNABLE TO CONDUCT ON SITE CHECKS INTO THE FOUR SALVADORAN PORTS AS REFTEL APPARENTLY DESIRES. WE HAVE DISCUSSED THE ISSUE WITH JORGE ROCHAC, GENERAL MANAGER OF CEPA, THE GOES AGENCY WHICH SUPERVISES THE PORTS OF ACAJUTLA, LA LIBERTAD AND LA UNION AND WITH MR. ESCOTO OF IRCA, THE U.S. OWNED RAILROAD WHICH MANAGES THE PORT OF CUTUCO. WE HAVE ALSO SPOKEN TO ANTONIO DUTRIZ, OWNER OF A PRINCIPAL SHIPPING AGENCY AND AN AMCIT OWNER OF AN IMPORT/EXPORT AGENCY. THE FOLLOWING REPRESENTS PERTINENT INFORMATION COLLECTED.

2. THERE WAS ONE RECENT INSTANCE OF A 10-DAY DELAY FOR A SHIP AT THE PORT OF CUTUCO BUT THAT WAS CAUSED BY THE SHIP'S CHANGE OF SCHEDULE AND RESULTANT CROWDING OF FACILITIES. IN JUNE AND JULY THERE WERE HIGHLY UNUSUAL AND ALMOST CERTAINLY NOT-TO-BE-REPEATED PORT SERVICE DELAYS AT ACAJUTLA, SOME SHIPS WAITING UP TO THREE WEEKS, ALL DUE TO PRIORITY SERVICE GIVEN TO THE UNLOADING OF IMPORTED CORN TO RELIEVE SHORTAGES CAUSED BY SEVERE DROUGHT.

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LARGE SHIPMENTS OF IMPORTED CORN (SEE OUR SS 2416) AND

FERTILIZERS CONVERGED ON ACAJUTLA AT THE SAME TIME, A PEAK DEMAND IMPOSSIBLE TO PREDICT AND, ACCORDING TO ROCHAC, IMPRACTICAL TO PROVIDE FOR. WE HAVE HEARD OF NO PRESENT SERVICE DELAYS OR INCONVENIENCES AT ANY OF THE PORTS.

3. MR ROCHAD SAID THE FIRST INCREASE IN PORT CHARGES IN FIVE YEARS WENT INTO EFFECT JULY 1, 1973 AT ACAJUTLA (TARIFF PROVIDED WITH REPAIR). THERE HAVE BEEN NO INCREASED CHARGES AT LA UNION OR LA LIBERTAD IN SEVERAL YEARS AND NONE AT CUTUCO SINCE 1953. HE SAID THE L.A./PACIFIC COAST CONFERENCE POINTS TO THE ONE DELAY IN SERVICE AT CUTUCO TO JUSTIFY THE SURCHARGE THERE. OWING TO THE RESULTS OF WHAT ROCHAC CALLED THE FIRST ADEQUATE COST ANALYSIS OF CEPA'S PORT OPERATIONS, CEPA RAISED PORT CHARGES AT ACAJUTLA IN AN EFFORT TO COVER COSTS PLUS A REASONABLE PERCENTAGE. ROCHAC MAINTAINED THAT MANY OF ACAJUTLA'S TARIFF INCREASES REFLECT MODERNIZATIONS WHICH CLEARLY MAKE PORT SERVICE MORE EFFICIENT AND IN THE NET CHEAPER TO THE CARRIERS. STEVEDORING COSTS ARE UP AND, ACCORDING TO ROCHAC, ARE REFLECTIVE OF CONTINUING WAGE INCREASES OBTAINED AT BIENNIAL UNION CONTRACT NEGOTIATIONS. HE SAID HE IS TRYING TO ARRIVE AT AN APPROXIMATE AVERAGE COMPOSITE INCREASE BUT SINCE COSTS VARY ACCORDING TO TYPE OF SHIP AND CARGO IT IS DIFFICULT TO GIVE A USEFUL COST RISE PERCENTAGE. HE SAID THAT DESPITE TARIFF INCREASES, WHICH ON SOME SERVICES GO AS HIGH AS 1000 PERCENT, THE PORT'S COSTS ARE ALL COMPETITIVE WITH OTHER CENTRAL AMERICAN ATLANTIC AND PACIFIC PORTS. THE SUBJECT CONFERENCE SURCHARGE IN PARTICULAR DID NOT APPEAR TO UPSET CEPA AS IT DID MR. DUTRIZ OF AGENCIAS NAVIERO MERCANTILES S.A. ROCHAC SAID IT IS THE 23RD INCREASE IN THREE YEARS AND NOT THE LARGEST (ONE WAS 15 PERCENT). HE SAID IT WAS THE

FIRST INCREASE TO ATTRACT LOCAL ATTENTION, A FACT HE ATTRIBUTED TO THIS CONFERENCE FREIGHTING THE NEWSPRINT USED BY THE PRINCIPAL NEWSPAPER, LA PRENSA GRAFICA, OWNED BY THE DUTRIZ BROTHERS.

4. PARTICULAR CIRCUMSTANCES AT THE PORTS OF LA UNION AND LA LIBERTAD SHOULD BE NOTED. LA UNION, AT WHICH CEPA OPERATES A FERRY TERMINAL IN CONJUNCTION WITH NICARAGUA'S MARITIMA UNCLASSIFIED

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MUNDIAL SERVICE, HANDLES ONLY INTRA-REGIONAL FREIGHT. LA LIBERTAD IS A DYING PORT IN WHICH THE GOES PLANS TO INVEST \$1.6 MILLION TO IMPROVE FACILITIES IN ORDER TO SUPPORT THE 700 FAMILIES DEPENDING ON THAT PORT. LAST YEAR'S TOTAL TONNAGE WAS 40,000 MT, A DECREASE FROM 150,000 TONS OF SOME FIVE YEARS AGE.

5. COMMENT: APART FROM AN EXPLAINABLE DELAY WHICH OCCURRED AT CUCUTO, IT WOULD APPEAR THAT ANY PROBLEMS

IN SERVICE AND INCREASES IN PORT CHARGES WHICH COULD JUSTIFY ANY CONFERENCE DETENTION SURCHARGE OR RATE INCREASE HAVE OCCURRED AT ACAJUTLA. WE CANNOT JUDGE WHETHER OR NOT ON A NET BASIS THE PRT'S TARIFF CHANGES MAY BE OFFSET BY EFFICIENCIES DEVELOPED OVER RECENT YEARS (E.G. CRANE AND CONVEYER BELT OPERATION REPLACING MANUAL UNLOADING/LOADING). THE DELAYS IN RECENT MONTHS ARE SAID BY ALL OUR CONTACTS TO BE HIGHLY UNIQUE OWING TO EMERGENCY IMPORTS TO RELIEVE A FOOD SHORTAGE ARRIVING AT THE SEASONALLY HIGH IMPORT TIME FOR FERTILIZERS. THE EMBASSY WILL DO ITS BEST TO RESPOND TO ANY FURTHER SPECIFIC QUESTIONS ON THIS ISSUE. CATTO

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